

OPENING STATEMENT OF CHAIRMAN WILLIAM D. FORD (D-MI)

February 23, 1984

Today we begin hearings into the development of a supplemental retirement plan for those Federal officers and employees who, effective January 1, 1984, are covered by social security. I expect these hearings will continue at least into next year.

The Committee faces a difficult task. As a result of the the Social Security Amendments of 1983, there are now two distinct groups of Federal employees for retirement purposes-- those covered by social security and those who are not. For those not covered, existing Federal retirement systems remain an appropriate and essential part of the compensation package. But for those who are covered by social security, existing systems are inappropriate. Accordingly, we must develop a supplemental retirement plan to coordinate with social security.

In my view there are two paramount principles which should guide us as we proceed to develop a supplemental plan. First, this plan must be designed in a manner which will not threaten in any way the integrity of existing Federal retirement systems. Benefits earned must be protected. Second, the supplemental plan, as coordinated with social security, must be

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compatible with existing systems to preclude a situation where employees working side by side would perceive themselves as being treated differently.

In this first series of hearings we hope to focus on five general areas: (1) comparability analysis; (2) general design; (3) eligibility and inflation protection; (4) financing; and (5) coverage. Our witnesses will include representatives of the Administration and the Postal Service, employee organizations, and experts from the private sector. During today's hearing we will hear from representatives of Hay/Huggins Incorporated, the private sector benefits consulting firm the Committee has engaged to assist in this project, and the Director of the Office of Personnel Management.